

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 PA-01

PRS-01 SS-15 NSC-05 L-03 H-01 /092 W

-----250750Z 034067 /17

R 250650Z MAY 77

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 8467

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY LONDON

AMEMBASSY VICTORIA

C O N F I D E N T I A L NAIROBI 6481

E. O. 11652: GDS

TAGS: PINT, ELAB, KE

SUBJ: GUIDELINES FOR PRIVATE SECTOR WAGE INCREASE SET

REF: NAIROBI 6262 AND PREVIOUS

1. ON FRIDAY, MAY 20 LABOR MINISTRY PERMSEC JAMES OTHIENO ANNOUNCED REVISION IN WAGE GUIDELINES FOR PRIVATE SECTOR TO PERMIT NEGOTIATION OF WAGE INCREASES OF UP TO 6 PERCENT. THIS WAS LEVEL OF INCREASE THAT HAD BEEN PROJECTED BY LOCAL PRESS AND FINANCE MINISTRY (SEE REFTEL).

2. REACTIONS WERE PREDICTABLE. SINCE MAY 20, CENTRAL ORGANIZATION OF TRADE UNIONS (COTU) GOVERNING COUNCIL HAS HELD SERIES OF EMERGENCY MEETINGS TO DEVISE STRATEGY TO COPE WITH UNEXPECTEDLY SMALL INCREASE. UPSHOT IS DECISION TO REQUEST AUDIENCE WITH PRESIDENT KENYATTA TO APPEAL CABINET DECISION ON WAGES ON GROUNDS THAT WAGE DEMANDS WERE NOT EFFECTIVELY PRESENTED TO CABINET BY LABOR MINISTER NYAMWEYA. COTU SEC GEN JUMA BOY TERMED INCREASE ALLOWED UNDER NEW GUIDELINES INADEQUATE, BUT SOUGHT TO AVOID OPEN CONFRONTATION
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WITH GOVERNMENT. PRIVATELY, REACTIONS OF SENIOR LABOR LEADERS WERE FAR SHARPER. ONE UNION HELD TOLD EMBOFF THAT DECISION REPRESENTED SELLOUT BY SENIOR LABOR MINISTRY OFFICIALS, WHO HAD NO INTEREST WHATSOEVER IN WELFARE OF WORKERS.

3. FEDERATION OF KENYA EMPLOYERS, ON OTHER HAND, WAS

ELATED BY FACT THAT GUIDELINES HELD WAGE INCREASES TO MAXIMUM OF SIX PERCENT. FEDERATION EXEC DIR THOMAS OWUOR SAID PUBLICLY THAT COMPANIES WOULD BE PREPARED IMMEDIATELY TO NEGOTIATE NEW WAGE AGREEMENTS BASED ON GUIDELINES. HE TOLD EMBOFF THAT FEDERATION HAD LOBBIED HARD TO HOLD WAGE INCREASE DOWN ON GROUNDS THAT CLOSING OF TANZANIA BORDER HAD ADVERSELY AFFECTED PROSPECTS OF MANY COMPANIES, AS HAD RECENT FLOODS. HE SAID FEDERATION HAD ARGUED THAT LARGER WAGE INCREASE WOULD RESULT IN IMMEDIATE LOSS OF AT LEAST 20,000 JOBS. OWUOR ASSERTED THAT NYAMWEYA HAD MADE BEST POSSIBLE CASE TO CABINET OF COTU'S BEHALF, BUT THAT COMBINED POLITICAL WEIGHT OF OTHER MINISTERS, INCLUDING MINFIN MWAI KIBAKI, HAD PREVAILED AT CABINET LEVEL.

4. COMMENT: ORGANIZED LABOR HAS SUFFERED A DEFEAT. NOT ONLY WAS WAGE INCREASE VERY SMALL GIVEN RECORD OF INFLATION OVER PAST TWO YEARS, BUT MANNER IN WHICH AMOUNT OF INCREASE WAS DETERMINED UNDERCUTS FUNCTIONING OF FREE TRADE UNION SYSTEM. WAGE GUIDELINES AS THEY EXIST SEVERELY LIMIT ROLE OF COLLECTIVE BARGAINING AS FAR AS WAGES ARE CONCERNED. FURTHERMORE, LEVEL OF THIS PARTICULAR WAGE INCREASE WAS DETERMINED WITHOUT REFERENCE TO WAGE ADVISORY BOARD, WHICH WAS CREATED SPECIFICALLY TO ADVISE ON WAGE MATTERS, WITH TRIPARTITE PARTICIPATION.

5. PRESIDENT KENYATTA MAY YET SEE FIT TO RAISE AMOUNT OF WAGE INCREASE AS ACT OF PERSONAL LARGESSE. THIS IS UNLIKELY, HOWEVER, SINCE HE CHAIRED MAY 18 CABINET MEETING WHICH MADE DECISIONS ON WAGES.

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6. BOY IS MOST UNLIKELY TO FIGHT HARD OR OPENLY FOR ADDITIONAL INCREASE. HE DEPARTED KENYA LAST NIGHT FOR IRAQ, FOLLOWING WHICH HE WILL GO TO GENEVA FOR ILO CONFERENCE. BOY HAS SAID PRIVATELY THAT HE IS AFRAID HIS POLITICAL ENEMIES (KIAMBU KIKUYU GROUP OPPOSED TO VP MOI) ARE ITCHING FOR PRETEXT TO REMOVE HIM FROM COTU LEADERSHIP, AND ANY SIGN OF LABOR MOVEMENT RECALCITRANCE MIGHT SERVE AS SUCH A PRETEXT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 25-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
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Executive Order: GS
Errors: N/A
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